



past

165

RECEIVED

OCT 05 2007

MSHDA-Legal

September 24, 2007

Ms. Mary Levine
Acting Director of Legal Affairs
Michigan State Housing Development Authority
P O Box 30044
Lansing, MI 48909

RE: DRAFT QUALIFIED ALLOCATION PLAN 2008-2009

Dear Ms. Levine:

We at KMG Prestige have reviewed the proposed Qualified Allocation Plan ("QAP") released by the Michigan State Housing Development Authority and are deeply concerned with the impact that this plan will have on the affordable housing program in Michigan.

As a management company in the industry, KMG has 20 plus years of experience in the affordable housing arena. The LIHTC program, in its current format, is a valuable resource which was originally designed to benefit ALL of the residents in the State of Michigan. The draft, as it currently stands, ignores the original intent of the program and will have a significant impact on the future developments in this State. We believe it will create a negative environment for future development, and will force developers and investors to seek opportunities outside of the State of Michigan. Many of our current clients are already looking at developing in other States after reading the draft of the QAP. As an agent, I am sure you can understand our concern and what that means, not only to the much needed affordable housing market in Michigan, but the State's economy as well.

As you are aware, the affordable housing communities must currently be managed very tightly in order to be successful. The proposed QAP will exacerbate this issue. With the number of units dedicated to Special Needs residents, expenses related to the operations of the developments will certainly increase. In order for the development to be successful, additional resources will be needed from those trained in the service industry, thereby imposing additional costs to the development. When you add that component alone with today's struggling issues, how can a development ever get off the ground? This does not even touch on issues that will arise when it comes to the Resident Selection Criteria or Fair Housing Concerns. It will become impossible for management agents to operate a development successfully for the developers and investors. Most management companies do not have the resources, training and necessary experience to manage the additional supportive services. As stated by many thus far, this plan is truly a disaster for the housing industry, and goes against any possible means of being able to produce and successfully manage communities for the long term. We believe this proposal will hurt future development in Michigan, effective and efficient management of the developments, the viability of many communities and the affordable housing options available to many residents throughout the State of Michigan.

102 South Main Street • Mt. Pleasant, MI 48858

Phone: (989) 772-3261 • Fax: (989) 772-3842 • TDD: 800-649-3777

www.mykmg.net



Ms. Mary Levine
September 26, 2007
Page Two

I thank you for the opportunity to express our concerns, and can only hope that MSHDA recognizes the negative consequences that this plan creates.

Sincerely,

KMG PRESTIGE, INC.

A handwritten signature in black ink, appearing to read 'Karen M. Mead', with a large, stylized loop at the end.

Karen M. Mead
Vice President of Business Development

cc: Honorable Jennifer M. Granholm
Bernie Gliberman, Chairman, MSHDA Board
Congressman Michael Rogers
State Representative Joan Bauer